

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-07 ISO-00 AGRE-00 FMC-01 COME-00 CIAE-00
DODE-00 DOTE-00 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 TRSE-00 OMB-01 L-03 AID-05 /046 R

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EAPHL:JSARTORIUS

AGR/CCC:RSPENCER(SUBS)

FMC:TCHRISTENSEN

MARAD:FRAITER(INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: SHIPPING DISCRIMINATION: FLAG PREFERENCE
AND CCC-FINANCED SHIPMENTS

REF: A) MANILA 270; B) 76 STATE 304461

1. DEPARTMENT CONCURS THAT EMBASSY SHOULD, AS INITIAL
APPROACH, RAISE ISSUE OF FLAG PREFERENCE REGARDING CCC-
FINANCED SHIPMENTS WITH DBP ON LOW-KEY, INFORMAL BASIS.

2. EMBASSY SHOULD, HOWEVER, EXPRESS USG CONCERN OVER
DISCRIMINATORY MEASURES AFFECTING ALL CCC-FINANCED
SHIPMENTS. REGARDING PARA 6 OF REF A, DEPARTMENT INFORMED
BY GRAIN INDUSTRY CONTACTS THAT UNDER RECENT CHANGE IN
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PROCEDURES BOOKING OF GRAIN NO LONGER HANDLED BY SHIPPER
BUT IS NOW HANDLED BY AGENCY IN PHILIPPINES DESIGNATED BY
CONSIGNEE. HENCE, IT IS DEPARTMENT'S IMPRESSION THAT
GRAIN SHIPMENTS HAVE NOW BEEN BROUGHT UNDER SAME
DISCRIMINATORY SHIPPING RESTRICTIONS AS OTHER COMMODITIES.

3. WHILE GRAIN IS NOT A PREFERRED LINER CARGO, CONVEN-

TIONAL LINERS DO CARRY LIMITED QUANTITIES OF GRAIN, AS DO BARGE-CARRYING VESSELS (LASH/SEABEE). AS A PRACTICAL MATTER, HOWEVER, DISCRIMINATION AFFECTING GRAIN SHIPMENTS LIKELY TO BE OF LESS CONCERN TO U.S. LINES AND LESS LIKELY TO RESULT IN USG-GOP CONFRONTATION. U.S. DRY BULK CARRIER FLEET IS SMALL, ANTIQUATED, AND GENERALLY NOT COMPETITIVE IN INTERNATIONAL TRADE. FURTHERMORE, BULK CARRIERS ARE NOT SUBJECT TO JURISDICTION OF FEDERAL MARITIME COMMISSION; HENCE FLAG RESTRICTIONS AFFECTING GRAIN SHIPMENTS WOULD BE LESS LIKELY TO TRIGGER ACTION UNDER SECTION 19 OF THE MERCHANT MARINE ACT OF 1920 (ERRONEOUSLY IDENTIFIED AS SECTION 19 OF THE SHIPPING ACT OF 1916 IN REF B, PARA 4). SUCH DISCRIMINATION IS, HOWEVER, COVERED BY SECTION 301 OF THE 1974 TRADE ACT, WHICH PROVIDES THAT QUOTE WHENEVER THE PRESIDENT DETERMINES THAT A FOREIGN COUNTRY OR INSTRUMENTALITY...ENGAGES IN DISCRIMINATORY OR OTHER ACTS OR POLICIES WHICH...BURDEN OR RESTRICT U.S. COMMERCE (DEFINED TO INCLUDE SERVICES), (HE) SHALL TAKE ALL APPROPRIATE AND FEASIBLE STEPS WITHIN HIS POWER TO OBTAIN THE ELIMINATION OF SUCH RESTRICTIONS...UNQUOTE. THESE STEPS MAY INCLUDE IMPOSITION OF DUTIES OR IMPORT RESTRICTIONS ON PRODUCTS OF SUCH FOREIGN COUNTRY OR INSTRUMENTALITY. 1974 TRADE ACT, HOWEVER, HAS BEEN ONLY RARELY INVOKED IN SHIPPING DISPUTES, AND INVOCATION SEEMS UNLIKELY IN THIS CASE.

4. HENCE, AS PRACTICAL MATTER, REMOVAL OF FLAG RESTRICTIONS ON COTTON AND TOBACCO WOULD PROBABLY EFFECTIVELY DEFUSE PROBLEM. EMBASSY MAY INDICATE THAT WHILE LIMITED OFFICIAL USE

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USG OPPOSES ALL DISCRIMINATORY PRACTICES AFFECTING COMMERCIAL CARGO, IT IS PARTICULARLY CONCERNED ABOUT FLAG RESTRICTIONS AFFECTING COTTON AND TOBACCO.

5. PLEASE REPORT RESULTS OF DISCUSSIONS WITH DBP. IF RESULTS OF THESE DISCUSSIONS DO NOT APPEAR PROMISING, DEPARTMENT WOULD APPRECIATE EMBASSY RECOMMENDATIONS REGARDING MOST EFFECTIVE MEANS OF PURSUING MATTER FURTHER WITH GOP. WE CONSIDER IT IMPORTANT TO RESOLVE PROBLEM DIPLOMATICALLY AND FORESTALL POSSIBLE SECTION 19 ACTION BY FMC. (AS EMBASSY PROBABLY AWARE, SECTION 19 PROVIDES FOR IMPOSITION OF COUNTERVAILING MEASURES ON VESSELS OF NATIONS WHICH DISCRIMINATE AGAINST U.S. FLAG SHIPPING; SUCH ACTION CAN BE TAKEN AT REQUEST OF U.S. CARRIERS OR ON FMC INITIATIVE, IF FMC BELIEVES SITUATION WARRANTS IT.)
VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, LAW, DISCRIMINATION, CREDIT, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE020669
Document Source: CORE
Document Unique ID: 00
Drafter: CTAYLOR,JR.:BST
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770033-0273
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977015/aaaaadyg.tel
Line Count: 114
Litigation Code IDs:
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Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:03 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 582e71d9-c288-dd11-92da-001cc4696bcc
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